

SENATE BILL REPORT

SB 5531

As Reported By Senate Committee On:
Natural Resources, Ocean & Recreation, February 15, 2007

Title: An act relating to providing funding for parks and recreational facilities.

Brief Description: Providing funding for parks and recreational facilities.

Sponsors: Senator Jacobsen.

Brief History:

Committee Activity: Natural Resources, Ocean & Recreation: 2/08/07, 2/15/07 [DPS].

SENATE COMMITTEE ON NATURAL RESOURCES, OCEAN & RECREATION

Majority Report: That Substitute Senate Bill No. 5531 be substituted therefor, and the substitute bill do pass.

Signed by Senators Jacobsen, Chair; Rockefeller, Vice Chair; Morton, Ranking Minority Member; Fraser, Hargrove, Poulsen, Spanel and Stevens.

Staff: Sherry McNamara (786-7402)

Background: Real estate excise taxes (REET) are taxes on the sale of real estate, measured by the full selling price of a property. The state levies a tax on real estate sales at the rate of 1.28 percent. Statute also provides counties and cities several revenue options from REET.

Counties and cities may impose an excise tax on each sale of real property at a rate not exceeding 0.25 percent of the selling price. This tax is known as REET 1. The revenues from this tax must be used to finance capital projects, which include public works projects relating to streets, water systems, buildings, recreational facilities and trails, and sewer systems. Approximately 37 counties and 267 cities have implemented this tax. Counties and cities planning under the Growth Management Act may impose an additional excise tax on each sale of real property at a rate not exceeding 0.25 percent of the selling price. This tax is known as REET 2. The revenues from this tax must be used for financing capital projects specified in a capital facilities plan element of a comprehensive plan. The Legislature authorized this tax in 1990, and approximately 14 counties and 127 cities have implemented the tax.

Several other, less utilized, REET revenue options also exist for local governments.

Summary of Bill: The bill as referred to committee not considered.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

SUMMARY OF BILL (Recommended Substitute): Counties and cities may use up to 25 percent of REET 1 and 2 revenues for maintenance and operation of parks and recreational facilities acquired or developed with REET funds.

REET revenues may not supplant existing funding for maintenance and operation of park and recreational facilities.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: Local governments face challenges funding the maintenance and operation of their parks. Many avenues are available to acquire new land, but there are not as many opportunities to obtain maintenance and operation funds. This bill provides local governments the option to use real estate excise tax money for park maintenance, at their option. Also, this bill does not raise taxes at all. This bill will help the communities as a whole and raise property values for everyone due to the enhancement of local parks.

Persons Testifying: PRO: Craig Larson, City of Redmond; Peter Mayer, City of Mercer Island; Brit Kramer, Washington Recreation and Parks Association; Dawn Vyvyan, Washington Recreation and Parks Association.